REPORT OF THE DIRECTOR-GENERAL

APPENDIX

International Labour Conference
82nd Session 1995

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Appendix

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APPENDIX

Report on the situation of workers of the occupied Arab territories

INTRODUCTION

1. For the preparation of this report arrangements similar to those of previous years were made by the Director-General to guarantee an objective analysis of the situation of Arab workers of the occupied Arab territories.

2. The Director-General appointed Mr. William R. Simpson, Director of the Industrial Relations and Labour Administration Department, Ms. Catherine Comtet, of the Equality and Human Rights Coordination Branch, and Mr. Fred Fluitman, of the Training Policy and Programme Development Branch, as his representatives to carry out a mission to Israel and the occupied Arab territories from 24 April to 4 May 1995.

3. An earlier mission had been carried out by Mr. Shukri Dajani, Assistant Director-General responsible for ILO activities in the Arab region, and Mr. Lee Swepston, Chief of the Equality and Human Rights Coordination Branch, who visited the Syrian Arab Republic on 12 and 13 February 1995. The objective of this mission was to hold consultations with the government authorities and employers' and workers' organizations concerned by the situation and to collect information in this respect. In particular, they held consultations in Damascus with the Minister of Labour and Social Affairs, the Minister of Foreign Affairs, the Syrian Chamber of Commerce, the General Federation of Trade Unions of the Syrian Arab Republic and the International Confederation of Arab Trade Unions (ICATU). They also visited the town of Quneitra in the Golan and met with the Governor of this province.

4. Despite the requests made by the Director-General, the mission to Israel and the occupied Arab territories could not be undertaken before the March/April session of the Governing Body. A debate was held in the Governing Body on the appropriateness of requesting the International Labour Conference to hold a special sitting to examine this report, following a resolution submitted by four Arab delegates to the November session of the Governing Body. While expressing its gratitude to the Director-General for his earnest efforts to provide assistance to the workers of these territories, the Governing Body decided to invite him to submit to the Conference proposals relating to the holding of a special sitting for consideration of this report, on the understanding that this would be the last occasion on which such a sitting would be held, in view of the expected continuing improvement in the situation of these workers. Once this decision was taken, the necessary arrangements for the mission were

made in agreement with the Israeli authorities and with the cooperation of the Palestinian authorities in the autonomous areas.

5. This report is based on the observations made on the spot by the mission sent by the Director-General as well as on an analysis of the documentation provided by the parties concerned. In examining the situation of Arab workers of the occupied Arab territories, the mission tried to determine, as far as possible, to what extent effect had been given to the recommendations made in the previous reports.

6. In examining all the issues involved, both during the mission and in the preparation of this report, the representatives of the Director-General bore in mind, as they have always done, the relevant standards of international law, and in particular The Hague Convention of 1907 and the Fourth Geneva Convention of 1949, of which Israel is a co-signatory. More specifically, as regards equality of opportunity and treatment of the workers of the occupied Arab territories, and the issue of trade union rights both in the territories and in Israel, the representatives of the Director-General were once again guided, as in previous years, by the principles and objectives laid down in the Constitution of the International Labour Organization, including the Declaration of Philadelphia, the standards and resolutions adopted by the International Labour Conference, and by the principles enunciated by the supervisory bodies of the ILO.

7. As in previous years, this report is based not only on the relevant legislative texts in the field of competence of the ILO, but on the information obtained concerning actual practice regarding equality of opportunity and treatment of the workers of the occupied Arab territories in respect of employment, conditions of work and social benefits, and trade union activities. Reference may be made to the previous reports of the Director-General submitted to the International Labour Conference, and in particular those of 1992 and 1993, for a description of the relative legislation and practice which remain substantially unchanged.

8. In the course of their mission, the representatives of the Director-General held numerous discussions and meetings both on the Israeli and on the Arab side; they made several trips in Israel and in the occupied Arab territories of the West Bank of the Jordan (including East Jerusalem), the Gaza Strip and the Golan to meet with their interlocutors.

9. As in the previous year, the Israeli programme was compressed into two-and-a-half days, during which the representatives of the Director-General met with government authorities, employers' representatives and workers' representatives in Israel. This programme, organized by the Israeli authorities, included a series of discussions in Jerusalem and Tel Aviv with representatives of the Ministry of Foreign Affairs, the Ministry of Finance (one of the Israeli representatives in the talks on economic and social questions), the Ministry of Labour and Social Affairs, the Ministry of Defence (office of the coordinator for Arab affairs in the occupied territories), senior officials of the Central Bureau of Statistics, and officials of the main employers' organization (Manufacturers' Association of Israel), and the Israeli trade union federation (the Histadrut).

10. In the occupied Arab territories, the representatives of the Director-General benefited from the efficient and constant assistance of the United Nations Development Programme (UNDP) in East Jerusalem. They were thus able to organize a programme of meetings with many Palestinians, in particular with members of the Palestinian Authority, and with the authorities of the Arab community of the Golan in the town of Majdal Shams. They held in-depth discussions with many Palestinian personalities, including academics, lawyers, trade unionists, economists and businessmen. In the Gaza Strip they also met with the Chairman of the Palestinian Authority, Mr. Yasser Arafat, and with the authorities of the Ministry of Justice and the Ministry of Social Affairs, the Director-General of Employment in the Ministry of Labour, the President of the Red Crescent Society in Gaza (also former Head of the Palestinian delegation in the peace talks at the Madrid Conference), the Secretary-General of the Palestine Trade Unions Federation in the Gaza Strip (PTUF-Gaza) and the President of the Chamber of Commerce of Gaza. In Jericho they met with the Minister of Labour, Mr. Samir Ghosheh, and his deputy and colleagues. They also went to Nablus and Jenin to meet with trade unionists and representatives of the Chamber of Commerce and Industry of Nablus; in particular, in Nablus they had a working meeting with Mr. Shaher Sa'ad, Secretary-General of the Palestine General Federation of Trade Unions (PGFTU), and members of the executive committee. In Ramallah, they met with officials of the Palestine Central Bureau of Statistics and with the Director of the new Democracy and Workers' Rights Centre. In Jerusalem they held discussions with a number of academics and Palestinian personalities, including the President of the Palestinian Academic Society for the Study of International Affairs (PASSIA).

11. During their mission, the representatives of the Director-General also held discussions with the Director of the UNDP Programme of Assistance to the Palestinian People and with the Deputy Director of the Office of the World Bank in the occupied Arab territories.

12. All these meetings and discussions took place without any witnesses other than the colleagues of the interlocutors or other officials concerned.

13. The lateness of the mission and the time available to prepare and process the report have resulted in a report that is shorter than in previous years. Every effort, however, has been made to deal with the essential aspects of the situation.

THE TRANSITION SITUATION

14. The Middle East conflict, of which the Israeli-Palestinian conflict is the epicentre, is now heading towards a peaceful and lasting settlement thanks to the spirit of open-mindedness and dialogue displayed by the parties in agreeing to negotiate and sign political and economic agreements which bode well for a future improvement in their relations.

15. The signing of the Declaration of Principles by Israel and the Palestine Liberation Organization (PLO) in Washington on 13 September 1993 heralded a new era in the relationship between Israelis and Palestinians. It was also an

important event, more generally, in the establishment of peace in the Middle East. The subsequent Protocol and Agreement signed in Paris and Cairo in April/May 1994, which supplemented the Declaration of Principles, were also intended to lay the foundation for a new relationship between Israelis and Palestinians, and the world duly awarded the leaders of both sides the Nobel Peace Prize in December 1994 in recognition of their efforts to restore peace to the region.

16. The mission by representatives of the Director-General to the occupied Arab territories took place one year after the signing in Cairo of the Agreement on the Gaza Strip and the Jericho Area by Israel and the PLO. This Agreement of 4 May 1994 sets forth the details of the limited transfer of authority to the Palestinian Authority for the interim period, pursuant to article VII of the Declaration of Principles (Oslo agreements) of 13 September 1993. The fields that have so far been transferred in the Gaza Strip and the Jericho area are social welfare, tourism, health, education and taxation. The borders and internal security in these areas are under joint (Israeli-Palestinian) authority, while external security, foreign affairs and imports and exports are still under Israeli authority. At the time of the mission so-called military pre-redeployment operations had begun in the West Bank, two training camps had been partially evacuated and a plan of withdrawal from six Palestinian towns had been announced by the Israeli military forces, which planned to replace their military presence by the construction of new military bases outside those towns. It was pointed out that the redeployment plan did not apply to the Palestinian town of Hebron, due to the establishment of several Jewish settlements in the heart of that city and the political repercussions that such a decision would involve.

17. A Palestinian Self-government Authority has been established for the interim period, pending the election of a national Palestinian Council, scheduled for 1 July 1995. The Palestinian Authority is made up of 24 ministerial posts, 20 of which have been filled, and is chaired by Mr. Arafat, who has been based in Gaza since 1 July 1994. It is recognized internationally, and this recognition lends it legitimacy and enables it to maintain diplomatic relations with a number of States. It fulfils several government functions in the administration of the autonomous areas, and to a more limited extent in the territory of the West Bank. However, whether they are semi-autonomous or not, the territories do not have sovereignty and for the international community they remain territories under occupation. It should be recalled that the self-government arrangements are interim in nature, and that a final agreement for a comprehensive peace should be signed by May 1999. In the meantime, Gaza and the West Bank will be viewed as a single territorial unit "the integrity of which", in the words of the Agreement, "will be preserved during the interim period" and whose "status shall not be changed" (article XXIII of the Agreement on the Gaza Strip and the Jericho Area). The Agreement has thus established a *sui generis* situation which will evolve on the basis of the negotiations that are under way.

18. A Palestinian administration and police force have been set up for Gaza and the Jericho area; more recently state security courts, headed by Palestinian military judges, have started to operate. The other civil, criminal and

commercial judicial institutions established by the Israeli military Government still remain and the Chairman of the Palestinian Authority has confirmed the appointments of the Palestinian judges. Furthermore, the Israeli army has been redeployed, in particular to protect the approximately 20 Jewish settlements, populated by some 5,000 settlers, spread throughout the Gaza Strip. As for the other territories, the administrative, police and military structures established since 1967 still remain in place, except for some fields that have been transferred since November 1994 (education, health, tourism, social welfare and taxation); the corresponding Palestinian officials employed up until that time by the Israeli Civil Administration have been transferred to the Palestinian Authority. Military orders adopted since the beginning of the occupation to regulate the details of the occupation (over 1,400 for the West Bank — the last to be published was dated 13 March 1994 — and over 1,000 for the Gaza Strip) are still in force and prevail over all other legislation or regulations (article VII of the Agreement on the Gaza Strip and the Jericho Area). During the interim period, the Palestinian Authority can in no case challenge the legislation or military orders in force given that the status of the territories remains unchanged.

19. In this context, according to the Israeli authorities, the Palestinian Authority is empowered to provide "services to Palestinian residents", and to help in formulating and carrying out technical assistance projects aimed at the economic and social development of the territories. Multilateral and bilateral economic cooperation meetings have taken place in various regions of the world over the past few months. These meetings have sometimes failed as a result of the unexpected intrusion of political issues that had been deliberately set aside by the Oslo agreements for discussion during the final round of negotiations. These included the questions of Jerusalem and of the policy relating to Jewish settlements.

20. Throughout the negotiations conducted since the process officially began with the Madrid Conference in October 1991, emphasis has been placed on the need to make a substantial effort to achieve real economic development in the territories, which should go hand in hand with the political developments. A year after the Cairo Agreement, the financial and economic talks between the Israelis and the Palestinians appear to be heading in the right direction with the introduction of regular transfers including the recovery of value added tax (VAT). According to the Israeli authorities, the Palestinian partners now have the necessary experience and technical capacity to manage these matters, and ongoing bilateral talks mean the transfer systems stipulated in the agreements can be improved.

21. International and Israeli aid has been promised on a number of occasions and structures have been set up to carry out technical assistance projects. The Palestinian Economic Council for Development and Reconstruction (PECDAR) has been established to receive, distribute and coordinate aid from the World Bank and other donors. A special financial fund has been set up, called the Holst Fund after the late Norwegian Minister of Foreign Affairs who was one of the negotiators of the Oslo agreements. Following a period of wait-

and-see, it appears that these structures work and that they have received substantial support. They enable the Palestinian Authority to implement a number of development projects that it considers to be both urgent and necessary. At present, however, a substantial amount of the available funds is used to cover current expenditure, in particular the wages of Palestinians employed by the Palestinian Authority. This situation is not without its problems, notably for the donors who, seeing the aid that they pledged being used in this way, are now calling for accountable and transparent institutions to channel it before they continue to pay the promised sums. It is common knowledge that the Palestinians need money to develop the territories, but related projects should be developed and carried out in a targeted manner and should be capable of generating a sufficient number of jobs.

22. It is also apparent that the economic and political situation does not yet allow the operation of a generalized tax system for which provision had been made, although the Palestinian Authority has made considerable efforts in this direction. Neither does it afford the necessary climate of confidence for potential investors who, since the signing of the Oslo agreements, have made a number of visits and local studies, most of which have not, however, been followed up. On the other hand, projects for the construction of specialized industrial zones in Gaza and the West Bank are under consideration in cooperation with a number of industrialized countries and with Israel.

23. Coinciding with this political development in relations between Israel and the PLO, negotiations between Israel and one of its neighbours, Jordan, led to the signing of a declaration on 25 July 1994 in Washington, terminating the state of belligerency that has opposed them since the creation of the State of Israel. This joint declaration makes provision for extensive economic cooperation between the two countries and for a series of reconciliation measures; a peace treaty was later signed by the parties on 26 October 1994. The reactions of the Palestinian Authority and people were mixed, especially since the event occurred at a time when negotiations between Israel and the PLO had come to a standstill. Since the signing of the declaration, fruitful and peaceful relations have been developing between Israel and Jordan.

24. This is not yet the case, however, of relations between Israel and another neighbour, the Syrian Arab Republic, as current negotiations have not resulted in a settlement on the Golan, which has been occupied since 1967. As in previous years the mission visited this territory, which was unilaterally annexed by Israel in 1981, a decision that has never been recognized, either by the United Nations or by the indigenous Arab population of the region, which has always called itself Syrian. The Arab inhabitants of the Golan, of whom there are 14,700 in total,[1] have always strongly resisted the occupation, refusing to accept Israeli citizenship and organizing demonstrations and protests.

[1] On 31 Dec. 1993, according to Israeli statistics, the total population of the Golan was 29,000, which included 12,600 Jews and 14,700 Druze; see Central Bureau of Statistics: *Statistical abstract of Israel 1994*, Jerusalem, 1994, No. 45, table 2.7.

Over the years they have given the various representatives of the Director-General many examples of the discriminatory practices which they have suffered since the beginning of the occupation (see the relevant chapters in previous reports). Overall, the situation remains the same and problems relating to the recognition of Syrian national identity, to education deliberately geared towards continued ignorance, if not towards the historic and cultural distortion of that identity, to the considerable administrative and financial harassment which obstructs trade and agriculture, to the confiscation of land to promote the expansion of Jewish settlements in the Golan, and to the water supply over which the national Israeli company holds a monopoly — all these problems persist and will not be solved for the Arab population until there has been a peace settlement. Orders to demolish rainwater reservoirs used for irrigating orchards have been issued to some farmers arbitrarily chosen by the occupying forces and this is contributing, according to the farmers, to the division of the Druze community in the Golan. It should also be recalled that restrictions on the freedom of movement of the population of the Golan, whose villages are situated on the Syrian border, affect families living on either side of the no man's land under United Nations control. As has been stated on previous occasions, these families often communicate using megaphones from the "Shouting Hill" and would like their applications to go to study in the Syrian Arab Republic to be granted more often by the authorities, regardless of current circumstances.

25. Since it began in 1968, the establishment of Jewish settlements in the occupied territories has been the main source of conflict between Israelis and Arabs.[1] Several United Nations resolutions, in particular Security Council resolutions, have condemned this policy, declaring it to be without legal validity and to constitute an obstacle to peace. Resolution No. 242 of 22 November 1967, on which the Oslo agreements are based, calls inter alia for the withdrawal of Israel from territories occupied after the Six-Day War. The changes to the physical and demographic characteristics of these territories, contrary to international law, as well as the confiscation of land and water resources which continued settlement has involved, are serious obstacles to the establishment of a comprehensive, just and lasting peace. As mentioned above, the Oslo agreements did not require Israel to put a stop to its settlement policy, which has since been stepped up. Since November 1992 the Israeli Government has adopted a new approach by deciding to stop financial support to the expansion of the Jewish settlements in Gaza and the West Bank (with the exception of so-called "strategic" settlements), but without preventing their being developed through private funds, and to direct all its efforts towards the intensive and priority construction of settlements in East Jerusalem. Thus, whether financed out of public or private funds, the configuration of the land is being changed from day to day, contrary to the repeated demands of the

[1] The Jewish population in the occupied territories is estimated at approximately 300,000; according to Israeli statistics, in 1993 there were 111,600 settlers in the West Bank, 12,600 in the Golan and 4,800 in Gaza; no official statistics are available for East Jerusalem, but the number of settlers is estimated to be 160,000.

international community; this is creating a de facto situation which is a constant source of considerable tension and instability.

26. Confrontations between Jewish settlers of the occupied territories and Palestinians occur frequently, especially in the towns of Hebron and East Jerusalem. The settlers often organize demonstrations to claim that the occupied territories belong to Israel and to declare their intention to stay there. Since the signing of the Oslo agreements, these protests have become more violent and anti-governmental in nature, the settlers being opposed to the peace process in so far as it could lead to the dismantling of the settlements. When they move around the territories, the settlers are accompanied by military escorts or are themselves armed; the road network has been developed in such a way that access roads to settlements bypass Arab towns and villages and isolate them, which, according to the Palestinians, effectively brings about a "ghettoization" within the territories.

27. The eastern part of Jerusalem is still an occupied territory and its status will be discussed during the final round of negotiations. Several Palestinians who spoke to the representatives of the Director-General emphasized that the geographical and demographic changes made to East Jerusalem since the beginning of the occupation and its annexation on 28 June 1967, which have recently been stepped up, are an attempt to Judaize it in order to justify Israel's claim to it. At the focus of considerable political attention, the city and its urban area (the boundaries of which have been extended by encroaching on the West Bank) have effectively been transformed following the confiscation of more than one-third of Arab lands for the construction of Israeli housing and businesses to make room for over 160,000 Jewish settlers in the eastern part of the city, representing 72 per cent of the total population, according to the city's Israeli mayor.[1] The development of the eastern part of the city under Israeli administration has been inequitable: Palestinians come up against such difficulties when they try to build new housing that they are unable to meet their needs; neither do they enjoy the various facilities and subsidies granted to Israelis. This discriminatory practice was emphasized during the heated debate within the Israeli Government sparked off by the 30 April 1995 decision to confiscate 53 more hectares of private Arab land in the northern and southern suburbs of Jerusalem in order to build housing for settlers. This decision was strongly criticized by the international community, and Mr. Arafat stated that it dealt a serious blow to the peace process.[2]

28. In the present situation, which is highly complex and subject to change, the question is how the ILO can help to solve the problems that have arisen, using the means of action at its disposal.

29. Shortly after the signature of the Israeli-PLO Declaration of Principles in September 1993, PLO Chairman Yasser Arafat wrote to the Director-General

[1] *Jerusalem Post*, 3 May 1995.

[2] On 22 May 1995, just as this report was about to go to press, the Government of Israel announced that it was suspending its decision to confiscate this property.

of the ILO requesting that the ILO formulate a "blueprint for the development of the social sectors in the occupied Palestinian territories". In response, the ILO fielded a multidisciplinary mission in December 1993 to the occupied Palestinian territories. The outcome of the mission was a report, entitled *Capacity building for social development: A programme of action for transition in the occupied Palestinian territories*, that analysed the economic, social and labour market conditions in the territories and proposed some 30 draft projects addressing priority needs.

30. In January 1994 a Memorandum of Understanding was signed in Tunis by the PLO Department of Economic Affairs and Planning and the ILO; in it the Palestinian leadership approved, in principle, the ILO programme of action reflected in the above-mentioned report. While the 30 project proposals were endorsed by the Palestinian Authority, agreement was reached to give highest priority to the following areas during the first phase of implementation:

— establishment of a department of labour and elaboration of a labour code;
— programme for the rehabilitation and reintegration of ex-detainees;
— employment-intensive community infrastructure programme;
— support to the system of labour and social statistics;
— setting up a system of social security.

31. ILO activities in the occupied Palestinian territories since the beginning of 1994 have been carried out within this framework, and in accordance with subsequent consultations with the Palestinian Authority, as well as with employers' and workers' organizations and other concerned institutions.

32. Reflecting the priority placed by the ILO on supporting the Middle East peace process, the ILO allocated US$900,000 (from the 1992-93 regular budget cash surplus) specifically for technical assistance to the occupied Palestinian territories for the 1994-95 biennium. While additional donor funding has been received and is still being sought, this will ensure a significant ILO contribution in implementing the programme of action.

33. The ILO has also been particularly active in both coordination and fund-raising activities related to its programme for the occupied Palestinian territories, particularly in view of the high level of multilateral and bilateral donor interest in the support of the Middle East peace process.

34. Within the limits of its unique mandate, the ILO will continue to contribute to furthering the aims of the peace process and improving the situation of workers of the occupied territories by focusing on two major areas of concern, namely promoting productive and freely chosen employment and strengthening the necessary institutions and labour relations.

35. Any action should also be seen, however, in the context of a situation in which Israel has found itself constrained frequently to close the territories and increase the number of migrant workers from other parts of the world as a result of terrorist acts perpetrated by some Palestinians who oppose the peace process. Opposition to the peace process has also manifested itself on the Israeli side, with acts of violence being committed against Palestinians.

PROMOTING EMPLOYMENT IN THE OCCUPIED TERRITORIES[1]

36. The occupied Palestinian territories are burdened by a massive employment problem of multiple dimensions. The problem is characterized in particular by the fact that a large majority of working-age Palestinians is unable to find stable and decent income-earning opportunities within the territories. Many are either unemployed or underemployed; others are working long hours without ever rising above the poverty line.

37. In seeking peace and stability for the region, as well as the economic and social development of the territories, it is of the utmost importance to recognize the nature and magnitude of the employment problem and to identify ways and means of tackling it so as to minimize its disastrous impact on Palestinian workers and their families. In doing so, one should bear in mind that the political circumstances of the last quarter of a century have been a major factor in shaping the employment problem of the territories, and that even if political constraints were removed, solutions would not be simple. There are serious structural constraints on rapid economic growth, which is an essential condition for job creation: internal markets are limited, infrastructure is largely lacking and institutions are weak; a perceived comparative advantage in global trade is yet to be tested and foreign investors have not, so far, come forward as expected. Meanwhile, the resident Palestinian population and labour force are growing fast.

38. The small economy of the occupied territories is essentially underdeveloped. In 1992, the last year for which relatively reliable data are available, per capita GNP reached nearly US$2,500 in the West Bank (21 per cent from income earned in Israel) and $1,600 in Gaza (29 per cent from income earned in Israel). Agriculture, mostly low-tech and family-based, contributes around 30 per cent of GDP and manufacturing less than 10 per cent. Data made available by the Israeli Central Bureau of Statistics (CBS) further show that merchandise imports from Israel, after reaching record levels in 1992 and 1993, dropped by 20 per cent in 1994 to $815 million; merchandise exports to Israel declined from $249 million in 1992 to $178 million in 1993 and $130 million in 1994.

The supply of labour

39. The Israeli CBS reports in its 1994 *Statistical abstract*[2] an end-of-1993 population of 748,900 for Gaza and 1,084,400 for the West Bank, to which 151,000 Palestinians living in East Jerusalem should be added. Palestinian

[1] Unless otherwise stated this chapter deals with the employment problem of the Gaza Strip and the West Bank, excluding East Jerusalem.

[2] Central Bureau of Statistics (CBS), *Statistical abstract of Israel 1994*, No. 45, 1994 Jerusalem, table 27.1.

sources,[3] however, estimate the total population of these territories to be some 6-15 per cent higher, i.e. between 2.1 and 2.3 million.[4] Population growth continues to be high at around 4 per cent per year; slightly over half of the population of the territories is reportedly under 15 years of age.

40. Israeli CBS data suggest furthermore that at the end of 1993, 116,400 Israelis were living in "Jewish localities", i.e. settlements in the occupied West Bank and Gaza; this is 10.4 per cent more than at the beginning of the year.[5] The number of Israeli settlers in annexed East Jerusalem is now estimated to exceed the number of Palestinians living there.

41. The labour force of the territories, that is, the number of persons aged 15 years or older and either working or unemployed but actively seeking work, is estimated to have reached some 370,000 by the end of 1994 — 237,000 in the West Bank and 133,000 in Gaza.[6] The data point to an exceptional growth of almost 10 per cent over the year. The participation of women in the labour force, at least in these estimates, remains exceedingly low, however, particularly in Gaza.

42. Failure to report the true extent of women's economic activities is a common problem in labour force statistics. Other reasons for an underestimation of the Palestinian labour force could be the alleged underestimation of the total population and difficulties experienced in conducting surveys in the territories in recent years.[7] Moreover, there are significant numbers of Palestinian workers not now considered part of the labour force who could add instant pressure to the labour market if they decided to seek employment. They include unemployed workers who may, at some stage, have given up seeking jobs because they found that none were available, thousands of political prisoners still to be released and tens of thousands of Palestinians unsure of their jobs in other countries.[8]

[3] The Palestine Central Bureau of Statistics (PCBS) started functioning at the end of 1993. In many instances their data are based, for the time being, on work undertaken by the Israeli CBS which has, however, been carefully reviewed and commented upon, e.g. in PCBS: "Labour force statistics in the West Bank and Gaza Strip", Current Status Report Series (No. 3), Apr. 1995 (draft). As appropriate, the Palestinian assessment of Israeli statistics will be reflected in this report.

[4] See, for example, PCBS: "Demography of the population in the West Bank and Gaza Strip", Current Status Report Series (No. 1), 1994; and Palestinian Academic Society for the Study of International Affairs (PASSIA): "Occupied Palestinian Territory" (Jerusalem, 1993; mimeographed), table 3.

[5] CBS, op. cit., table 2.7.

[6] CBS, preliminary estimates.

[7] The estimated size of the labour force being the outcome of a labour force participation rate, established in a sample survey of households, applied to the total estimated population.

[8] Reports are circulating to the effect that at any moment some 30,000 Palestinian workers, many of whom are believed to have been previously employed in Kuwait, could be expelled from the Libyan Arab Jamahiriya, which would "be nothing short of a catastrophe in light of the unemployment situation in the West Bank and Gaza Strip"; see *Jerusalem Times*, 13 Jan. 1995.

Employment in the occupied territories

43. Israeli estimates of employment in the territories suggest that 148,000 workers were employed in the West Bank in 1993 and 172,000 in 1994. Some 84,000 workers were said to be employed in Gaza in 1993; no estimates were made for Gaza in 1994.

44. By making use of Palestinian sources as well, a composite, although somewhat less than complete, picture can be obtained of the employment situation of Palestinians within the territories at the beginning of 1995 (table 1). The numbers working in the West Bank (166,700) and Gaza (88,650) would seem to be comparable to the Israeli estimates. It may be expected that improved statistics will result from the regular labour force surveys that will be undertaken by the Palestine Central Bureau of Statistics (PCBS) with start-up assistance from the ILO.

Table 1. Employment in the West Bank and Gaza, end of 1994

	West Bank	Gaza	Total
Agriculture [1]	43 000	17 000	60 000
Private sector (non-agricultural) [2]	102 300	44 900	147 200
Government services:			
— education sector [3]	15 400	3 750	19 150
— other [4]	5 000	6 000	11 000
— military, police [5]	1 000	17 000	18 000
Total	166 700	88 650	255 350

Sources: [1] CBS, op. cit. [2] PCBS, Census of establishments, 1994. [3] Palestinian National Authority, Ministry of Education and Higher Education. [4] Mission estimates based on interviews with the Palestinian Ministry of Labour. [5] Palestinian estimates.

45. With the establishment of a Palestinian Authority the number of public service jobs has no doubt increased. It should be recalled, however, that in 1993 some 20,000 Palestinians were employed by the Israeli Civil Administration for the territories in addition to an unknown number of Israeli staff and security personnel. Almost all of the Palestinian employees are said to have been re-employed by the new Authority. Also worth noting is the large number of teachers and other persons working in government schools. Employment in the construction sector in the territories has noticeably increased since, after the Oslo agreements, many Palestinians, seeing better days ahead, decided to invest their personal savings in new buildings or home improvements. Employment in the transport sector, however, is suffering from repeated border closures which prevent people — and, increasingly, goods — from moving to and from Israel.

46. According to the recent census conducted by the PCBS (table 2), most of the agricultural work in the territories is self-employment or unpaid family help; the same is the case in private non-agricultural establishments. A majority of the establishments enumerated are in wholesale and retail sales and repair

services (57 per cent) and nearly one in five establishments is a manufacturing unit. Almost all establishments are small: 90 per cent of all units employ fewer than five people, including the owner, and only one per cent of establishments (527 of them) employ 20 persons or more.

Table 2. Employment in private non-agricultural establishments, West Bank (excluding East Jerusalem) and Gaza, 1994

	Number of establishments	Employment			
		All workers	Wage employees	Unpaid family workers	Owners
West Bank	37 408	102 298	50 695	12 091	39 512
Gaza	19 412	44 920	19 838	5 856	19 226
Total	56 820	147 218	70 533	17 947	58 738

Source: PCBS, Census of establishments, Dec. 1994.

47. The employment problem affecting the territories is illustrated to a large extent by the fact that less than one-third of the people working there are employed in regular, wage-paying jobs. The remainder, having no other option, are self-employed or involved in unpaid family work; they are typically underemployed, that is involuntarily working less than "normal" hours, or well below their qualifications, or are waiting for customers who may never materialize. As in other developing countries, low-productivity, informal-sector activities seem to be expanding rapidly, much to the dismay of established traders.[1] Many Palestinians are hence unable to make a decent living and would quickly grasp the opportunity of a wage-paying job, wherever it might be.

Employment in Israel

48. With so few jobs available within the territories it is not surprising that Palestinians have been keen to benefit from income opportunities "across the green line". Since the occupation began in 1967, literally hundreds of thousands of Palestinians have been commuting to work in Israel, mainly on construction sites and, to a lesser extent, in the agricultural sector. Israeli employers have come to appreciate their skills and efficiency and have, in the past, protested repeatedly against measures restricting Palestinian workers from working in Israel.

49. The average number of workers from the territories permitted to work in Israel has varied over the years, reaching a peak in 1992 of 115,600, or 36 per cent of all Palestinians employed at the time earning, in that year, some

[1] See, for example, newspaper reports entitled "Jobless take to peddling" (*Jerusalem Times*, 1 Mar. 1995) or "Ramallah overcrowded with hawkers" (*Jerusalem Times*, 10 Nov. 1994).

$930 million in wages.[1] It may therefore seem paradoxical that, with prospects of peace emerging, their numbers declined to 84,000 in 1993 and in 1994 never reached more than 47,000. Wages earned in Israel fell dramatically to $586 million in 1993 and $485 million in 1994; a further decline is expected for 1995. In 1995, until early May, the total number of work permits issued never exceeded 27,000, half of them for Gazans and half for West Bank workers; most of the time, however, no workers were allowed in, or only very few. This dramatic decline in employment opportunities is a direct result of a number of terrorist incidents which have taken place over the past two years. The public outcry that has followed each of these incidents has led to punitive as well as preventive[2] total border closures and to an Israeli policy of recruiting, so far, as many as 70,000 substitute workers from countries including Romania and Thailand. Since the deadly attack north of Tel Aviv in March 1993, the closure of the territories has become a permanent feature, the extent of which varies according to circumstances and certain considerations. As entry rules are relaxed after periods of complete closure fewer and fewer Palestinians are entering Israel to work there, since their jobs have been taken by foreign workers, and, not having residence in Israel, they are not entitled to unemployment benefit. Although the Israeli authorities state that this is not a permanent policy aimed at replacing Palestinian workers, the Palestinians suspect that this new lack of reliance on their labour by Israeli employers signals a real change. As the work permits were issued for periods ranging from six months to one year, it is clear that even if the return of Palestinian workers to their jobs were envisaged it could not take place immediately.

50. Border closures have also increasingly affected the passage of goods, and hence the employment of and income earned within the territories by those involved in the transport sector. Others whose activities depend on imported materials such as cement or on the export of perishable produce have similarly been hit. Prices of essential imports including flour, sugar and animal fodder are said to have more than doubled overnight, while prices for local produce such as tomatoes and eggplants collapsed to levels well below production costs.

51. A massive reduction in earnings is bound to reverberate in reduced consumption, with negative results for retailers; it also means that far less tax is collected than is needed to sustain current levels of public-sector employment. The economic and social consequences of so many people losing their jobs or their income can only be described as disastrous, particularly in Gaza. The vast majority of Palestinian interlocutors told the mission that extremist groups were thriving on the misery that such an economic situation was creating and that the peace process was losing popular support as rapidly as living standards declined.

[1] CBS, op. cit., table 27.22.

[2] Notably during national or religious holiday periods such as Israeli Independence Day, Passover, Yom Kippur and the Jewish New Year.

Unemployment in the occupied territories

52. The gravity of the employment problem of the occupied territories can hardly be understood by using conventional yardsticks such as unemployment rates. However, despite the fact that unemployment in Gaza is not currently being measured either by the Israeli CBS or by the PCBS, a wide range of unemployment rates, some in excess of 50 per cent, are being cited in different quarters. To describe identical labour markets, unemployment rates vary considerably depending on definitions used and assumptions made in estimating one parameter or another. Using data which would seem to be acceptable to both Israeli and Palestinian authorities, one finds that unemployment has increased significantly in recent years. Mission estimates for 1994 suggest two-digit figures for unemployment in the West Bank as well as in Gaza, even on days when a maximum number of workers are permitted to work in Israel. During periods of total closure, unemployment obviously jumps, affecting up to one-third of the labour force (table 3). Until 1994 unemployment had been officially estimated at under 10 per cent.

Table 3. Unemployment with and without access to work in Israel, West Bank (excluding East Jerusalem) and Gaza, 1994

	West Bank		Gaza	
	Persons	% of LF	Persons	% of LF
Estimated labour force (LF) [1]	237 000	100	133 000	100
Estimated employment in the territories [2]	166 700	70.3	88 650	66.7
Unemployment without access to work in Israel	70 300	29.7	44 350	33.3
Maximum employment in Israel during the year [3]	*45 000	19.0	22 000	16.5
Unemployment with maximum employment in Israel	25 300	10.7	22 350	16.8

*This includes some 20,000 workers with special permits for work in East Jerusalem.

Sources: [1] CBS. [2] Table 1. [3] Israeli Ministry of Labour and Social Affairs; confirmed by Palestinian Ministry of Labour.

53. In table 3 unemployment is measured in a residual manner as the difference between the labour force and the number of those employed. Depending on whether or not workers have access to work in Israel, the unemployment rate varies between 16.8 and 33.3 per cent in Gaza and between 10.7 and 29.7 per cent in the West Bank. It may be noted that, other things being equal, an upward revision of the labour force would increase these unemployment rates, whereas an increase of estimated employment within the territories would have the opposite effect.

An employment policy framework

54. The employment problem of the occupied territories is therefore complex, serious and growing worse as the supply of Palestinian labour increases and demand for it declines. However bleak the employment outlook may be, the problem must be dealt with urgently and on a large scale lest it create social havoc and undermine prospects of lasting peace in the region. That being said, there are no obvious recipes for problems such as these, and solutions, even partial ones, need time to materialize.

55. Promoting employment in the occupied territories means adopting long-term strategies going to the root of the problem, together with short-term measures addressing some of its worst symptoms. All policies should have a clear aim, namely to contribute directly or indirectly to creating decent income opportunities for the unemployed and the underemployed and those who are new entrants to the labour force, without ignoring the plight of people who will not be absorbed even in the best of circumstances.

56. For any significant strides to be made in solving the employment problem of the territories, there are, however, preliminary conditions to be met, such as making progress on the road towards peace and stability, reaching consensus among Palestinians about priorities, and developing the capacity to design and implement relevant policies. The ILO is in a position to contribute to the attainment of these interrelated aims, particularly as regards the development of an employment policy framework, the strengthening of institutions in the labour field and the promotion of tripartite dialogue.

57. As a preliminary but essential step, an effort must be made to collect useful statistical information. The ILO has already provided assistance in the field of labour and employment statistics, including assistance in formulating a five-year master plan for PCBS. The plan provides, inter alia, for the establishment of a labour statistics unit within PCBS, launching a semi-annual labour force survey to measure employment and unemployment and obtaining information on wages and informal sector activities.

58. An employment policy framework, within which the Palestinians would elaborate more specific ways and means of dealing with the employment problem of the occupied territories, should now be adopted to provide for long-term policies as well as measures with a more immediate effect. It should stress the overriding importance of achieving sustained economic growth and give rise to early initiatives in respect of employment in Israel and beyond, the promotion of small enterprises, the implementation of labour-intensive public works, the establishment of a system of social protection and the development of human resources.

Sustained economic growth

59. The employment problem of the occupied territories will only be solved if the Palestinians succeed in achieving rapid and sustained economic growth, without ignoring equity as a legitimate social concern. Such growth will, in turn, depend critically on success in achieving the following prerequisites:

- ensuring an environment which is conducive to doing more business; this would mean, beyond achieving peace and stability, providing incentives, for example in the fiscal sphere, reducing disincentives, for example in the form of red tape and over-regulation, and improving physical infrastructure, for example by establishing well-conceived industrial zones;
- promoting greater productivity and competitiveness in existing agriculture, industry and services, and reducing current under-utilization of productive capacity;
- attracting massive levels of investment from within as well as from outside the territories and preferably for ventures which are relatively labour-intensive;
- seeking free trade with neighbours and distant countries and exploring to the full what export opportunities may exist in global markets.

60. Although preliminary steps are now being taken along these lines, the necessary rapid growth will only come about if existing constraints on economic activities in the territories are removed.

Employment in Israel and beyond

61. While every possible step is taken to promote the creation of decent jobs within the territories, it is of the utmost importance, in order to combat serious unemployment and to prevent social collapse and worse, to secure, for many years to come, employment opportunities outside Gaza and the West Bank — it being understood that access to jobs in East Jerusalem is ensured.

62. In accordance with article VII of the Paris Protocol on Economic Relations, "both sides will attempt to maintain the normality of movement of labour between them, subject to each side's right to determine from time to time the extent and conditions of the labour movement into its area". Although closures have affected the implementation of this article, Palestinian and Israeli authorities should consider it, in the interest of peace, a strategic priority to agree as early as possible on ways and means of keeping the green line open for tens of thousands, or better still, an unlimited number of bona fide workers from the territories. It is imperative that security issues be dealt with otherwise than by closing the territories, a practice that has aggravated problems rather than solved them.

63. In addition, the time may have come for the Palestinian Authority, assisted as necessary, to seek the re-employment of Palestinian workers in other Arab countries, in particular the Gulf States.

Small-enterprise promotion

64. It is to be expected that with wage jobs lacking, people will seek to employ themselves in enterprises of their own. In the case of the occupied territories, a relatively large proportion of workers is working in small or single-worker firms, most of them at low levels of productivity. In order to enhance chances of success in business and indeed in the interest of job creation, it is the ILO's experience that measures should be taken at the same time to improve the

small enterprise environment and to provide support services as appropriate. The environmental factors to be addressed include the legal and regulatory framework, fiscal policy, the banking system, physical infrastructure and the trade regime. Services in support of creating viable enterprises or raising their productivity might involve training and extension, and information on technology and trade, quality standards and credit. Although activities are already being undertaken in the territories along these lines, it is only on a limited scale and in a fragmented manner. Strong associations of the self-employed could play a decisive role as lobbyists with the Palestinian Authority and as vehicles to deliver support programmes.

Labour-intensive public works

65. At the request of the Palestinian Authority and the office of the United Nations Special Coordinator (UNSCO), the ILO has fielded several technical advisory missions to help develop and implement an employment-intensive community infrastructure programme. The construction, rehabilitation and maintenance of needed infrastructure, using labour-intensive methods whenever this is reasonable, would address several problems at once. Based on ILO experience, it may be suggested that such methods can often be cost-effective, provided that a number of constraints and biases which now work against them are dealt with. This might mean, inter alia, giving more contracts to small contractors, providing engineering designs and technical specifications which do not discriminate against using labour, and selecting projects on the basis of labour content, for example by favouring small-scale works and by comparing competing techniques and materials.

66. A modest project of tiling and paving sidewalks and streets, currently being implemented in Gaza, and others for the rehabilitation of schools and clinics illustrate the idea. A working group of the Local Aid Coordination Committee in which the ILO is taking an active part has been able to identify additional projects now ready for implementation. Worth $117 million, they could create about 150,000 work-months of employment based on a 45-per-cent labour intensity, which translates into some 8,500 full-time jobs over an 18-month period or, if individual workers only take part for four months, a temporary income boost for 38,000 families.

Social protection

67. As jobs for all is an ambitious goal that needs time to be achieved whatever the effort made, it is to be feared that many Palestinians will be poor for years to come. The occupied territories do not so far possess a comprehensive social safety net to protect workers or vulnerable groups such as the long-term unemployed, widows, orphans, the sick and the disabled. Whilst some of them may receive a little help, for example from the Ministry of Social Welfare, from benevolent societies or from having been associated with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), many others will not.

68. The Palestinian Authority is thus faced with the challenge of trying to maintain incomes at levels which correspond to minimum standards of decency. It may wish to rely on the experience of the ILO in considering how targeted income support for the most needy might be organized and funded. Thought may be given, for example, to the establishment of the kind of Social Fund that exists in certain countries to address the negative consequences of structural adjustment.

69. The ILO has responded to an urgent request of the Palestinian Authority by fielding a number of technical missions during 1994 and 1995 to assist in the establishment of a programme for the rehabilitation and reintegration of ex-detainees.

Human resources development

70. As has been stressed in earlier reports, the economic and social development of the occupied territories depends perhaps first and foremost on implementing policies which direct the development and use that will be made of their abundant human resources. Although Palestinians are relatively well educated if one considers literacy rates, years of schooling completed and current enrolment figures, some obvious imbalances exist within the present education and training systems.

71. The vocational education and training system of the occupied territories should be reformed if it is to be able to respond to new demands. It is undersized and fragmented, undirected and underfunded. It caters almost exclusively to youth in search of wage employment without being too sure whether such employment is available; at the same time, there are hardly any opportunities for training adult workers whose productivity is low, whose skills have become obsolete or whose jobs may have changed or disappeared; training for self-employment is virtually non-existent; in general, links between the training system and the world of work are weak and there is no evidence of any in-service training organized by employers for their employees.

72. Palestinians must be trained for many purposes, but not for jobs which do not exist or for needs which are merely perceived. The Palestinian training system should be driven in an equitable manner by a demonstrated demand for wage labour and by real opportunities for increasing productivity and succeeding in self-employment. The system should be at the same time relevant in terms of national aspirations, effective, or good at doing what it must do, and efficient in its use of limited inputs. In the current circumstances, four training priorities seem to emerge: (i) capacity building for the new civil service, in particular for hundreds of officials newly appointed to management and policy-making positions; (ii) training to allow for reconstruction, that is, as an integral part of implementing the projects being proposed by foreign donors; (iii) training youth so as to be able in the future to sustain a level of development implied in current investment proposals; and (iv) training of trainers in order to meet the priorities above.

73. Equity should be an important consideration in the development of training policies. Disadvantaged groups, notably women, the disabled and ex-

detainees, should have equal or possibly privileged access to training or retraining opportunities which will enable them to be gainfully employed. To this end, it may be necessary to establish quotas or to develop special training programmes linked to job-creation programmes.

74. Youth as such may not be considered a disadvantaged group, and young people tend to represent the majority clientele of training systems in any case. In the occupied Palestinian territories, however, large numbers of children have been traumatized by their experience of military occupation; many reportedly suffer from learning deficiencies because during the intifada schools were closed for long periods; many are said to lack the attitudes required for gainful employment; many may not be as trainable or employable as youth in other countries. If this is the case, special programmes may have to be developed to facilitate the absorption of these problem youngsters into the world of work.

75. In January 1994, the ILO organized a workshop in East Jerusalem bringing together the heads of vocational education and training institutions to discuss the future of training for employment in the territories. A report resulted from the workshop, entitled *Training in transition: Review of issues and options in vocational education and training in the occupied Palestinian territories*.

76. In the wake of this assistance, the Palestinian Ministry of Labour has taken an important initiative towards the establishment of an efficient, effective and relevant national vocational training system by setting up an Advisory Council on Vocational Training. The Council involves the various ministries concerned as well as representatives of employers' and workers' organizations and of private-sector training institutions. Assisted by a semi-autonomous expert team, the Council will provide a forum for discussion and coordination among the key actors, recommend the adoption of appropriate training policies and propose other steps to be taken for the development of the national training system.

77. It should be pointed out, however, that, important as technical cooperation programmes may be, they will not in themselves have any considerable impact as far as employment expansion and job creation are concerned. The implementation of broader employment policies will be essential in order to make any noticeable improvement in the unemployment situation.

INSTITUTION BUILDING AND LABOUR RELATIONS

Institutions

78. The ILO has always considered it essential that, in any society, workers and employers and their organizations have an important role to play, along with the public authorities, in the formulation and execution of policies and programmes that are designed to enhance economic development and social progress. In the occupied Palestinian territories, this principle is all the more important in view of the establishment of autonomous authority over these territories. The application of the principle in practice is also essential for the future development of the autonomous region.

79. For this reason the ILO has laid particular emphasis on institution building in establishing its programme of action for the territories and, already in October 1994, it signed an agreement with the Palestinian Authority concerning a $2-million project on the establishment of a Department of Labour and Vocational Training with the ILO's financial ($406,000) and technical support in its first phase. The initial phase, which focuses on developing the policies, functions and services of the Ministry through staff training and establishing pilot offices, became operational in December 1994. The ILO had maintained close contacts with UNDP in preparation for this project, and obtained from UNDP a financial contribution of $100,000 towards the first phase. The Swiss Development Cooperation recently announced its intention of providing Sw.frs.700,000 in support of this programme. Both the ILO and the Palestinian Authority have intensified their efforts to identify the donor(s) to secure the remaining funds required for the second phase.

80. In the initial phase of this project, missions have been undertaken by ILO experts in the fields of labour administration, public employment services, labour inspection and training. These experts have provided policy guidance and conducted staff training workshops. In addition, two senior officials of the Ministry of Labour have been sent on international study tours. With ILO assistance, the Ministry has also opened two staff training and model employment offices in Gaza and Jericho. The ILO will continue in its efforts to secure the necessary funding for the execution of the remainder of this important project.

81. The ILO/UNDP cost-sharing umbrella project entitled "Capacity building in the labour and social sectors" also caters for the following activities: two national seminars on trade union capacity building; technical advisory missions for needs assessment and formulation of a programme of action for the Federation of Palestinian Chambers of Commerce, Industry and Agriculture; assistance to the Federation in developing the capacity for integrated small-enterprise development; and the provision of equipment which was urgently needed by the Ministry of Labour and Vocational Training of the Palestinian Authority.

82. Through its technical assistance activities for workers' organizations in the occupied Palestinian territories, the ILO has recognized the importance of developing strong and representative tripartite constituents during the transition to self-rule. Following agreement with the Palestinian trade union federations, the ILO project ($150,000) will assist in efforts to build strong, democratic and representative trade union organizations. Workshops held in Gaza and Nablus have concentrated on workers' education programmes and grass-roots organizational issues. Further workshops and training, to be held both in the occupied Palestinian territories and at the International Training Centre of the ILO in Turin, Italy, will cover workers' education, women's participation in trade unions, and negotiating skills. The ILO will also support the purchase of educational equipment to improve the workers' education centres in Gaza, Nablus and Jenin.

83. In its efforts to promote tripartism in the occupied Palestinian territories, a complete ILO programme ($173,000) in support of the Federation of Palestinian Chambers of Commerce, Industry and Agriculture has also been elaborated and is being actively implemented. A representative employers' organization such as the Federation and its Chambers will be an important element in the private-sector development of the occupied Palestinian territories. The ILO project aims at increasing the ability of the Federation and Chambers to represent their members, with a particular focus on improving the communication and information flow among and between the Federation and the local Chambers. So far, a national project coordinator has been hired and equipment has been provided, as well as training in its use. Future activities will include publication of a trade directory and an international study tour for senior staff of the Federation and Chambers.

Labour relations

84. Despite the existence in the West Bank and Gaza of trade unions and chambers of commerce and other groups of entrepreneurs, it can hardly be said that any coherent and structured labour relations system exists in the territories. The control of trade union activity, including elections, has been ensured, throughout the period of occupation, mainly by military orders and by the Jordanian and Egyptian labour laws that apply in the West Bank and Gaza, respectively. Since the signing of the Declaration of Principles and the subsequent accords, however, some doubts have been expressed as to which labour regulations apply, and to which area. Whatever the case, it appears that in practice labour law is seldom, if ever, invoked, and any mechanisms that may exist for its enforcement are never utilized.

85. With the prospect of the extension of more comprehensive autonomy, especially in the social and labour fields, to the West Bank it would seem to be a matter of some urgency that consideration be given to the preparation of labour legislation that is applicable to the whole autonomous area, providing the necessary legislative framework within which a labour relations system can effectively operate. It would seem particularly important that new legislation regulate subjects such as the formation, registration and activities of trade unions, collective bargaining procedures, the right to strike and other forms of industrial action, and the settlement of labour disputes. In the course of the mission, the representatives of the Director-General were informed by the Palestinian Minister of Labour and Vocational Training, Mr. S. Ghosheh, whose administration is situated in Jericho, that an initial draft of a labour law had been publicly launched in October 1994 and that many critical observations had been received from interested parties. Work on amending the text was continuing, but the Minister agreed that the workers' and employers' organizations should be fully involved in the process of finalizing a law that would regulate their activities. The workers' organizations in the West Bank and Gaza, as well as the employers' organizations that met with the mission, were unanimous in stating that they expected to be fully involved in the negotiation of the labour law. They saw no difficulty in participating in such a process, given the excellent relations

that existed among them, and between them and the Ministry of Labour, as well as the Minister's commitment to the promotion of tripartite negotiations on such questions. All, including the Minister of Labour, were unanimous in agreeing that any new law should be compatible with international labour standards and principles and that it should be properly adapted to Palestinian traditions and local conditions. They felt sure that, with its expertise and experience in the field of comparative labour law and labour relations, the ILO could assist in ensuring that the new labour law met these objectives. The limited legislative powers of the Palestinian Authority under the Cairo Agreement would, however, have to be taken into account in the elaboration of any new law on labour issues.

86. As regards the structure of the trade union movement in the territories the mission was again informed this year of additional initiatives that had been taken to unite the unions of the West Bank with those of the Gaza Strip. The executive committees of the two federations had decided to unite in August 1994 to form a combined federation, the Palestine General Federation of Trade Unions (PGFTU) and, in November of that year, had elected Mr. Shaher Sa'ad, of the General Federation of Trade Unions (GFTU-West Bank), as Secretary-General of the combined federation, with Mr. Rasem Bayari, of the Palestine Trade Unions Federation (PTUF-Gaza), as his deputy. A new draft Constitution had been elaborated and, according to the Secretary-General, a congress would be held on 28 and 29 May 1995, at which the strategy and policy of the federation would be defined, the new Constitution would be endorsed and free and democratic elections would take place. Mr. Sa'ad indicated that the ILO and the International Confederation of Free Trade Unions (ICFTU) would be invited to the congress as observers. Once again, however, prior consultation on the new draft Constitution had been hampered because of the border closures and the consequent difficulties of movement between Gaza and the West Bank, and even within the West Bank. It was hoped, however, that all the unions would participate in the congress and in the elections.

87. There appear to be three problems which could obstruct free and democratic elections and the desired unification of the trade union movement. First, neither federation has any clear record of the membership of its constituent unions, and the manner in which voting rights would be exercised and by whom is far from clear. Second, with the arrival in Gaza from Tunis of what was formerly the politically recognized trade union leadership, the respective roles of that leadership and the local trade union leaders in Gaza and the West Bank are not clearly defined. The Tunis leaders are also intimately linked with the political leadership of the Palestinian Authority, and more particularly with the Ministry of Labour, all of which could bring into question the independence from political authority of the trade union movement. This is an important matter which can only be settled by the workers themselves, and the forthcoming Congress may provide an opportunity of clarifying the situation.

88. A third and important issue which has provoked much controversy within the trade union movement, especially between the Gaza unions (and some West Bank unions, for example in Jenin) and the Secretary-General of the West Bank federation, Mr. Sa'ad, is an agreement signed by Mr. Sa'ad on behalf of

the PGFTU and by the Israeli trade union federation (the Histadrut) relating essentially to the payment to the PGFTU by the Histadrut of a percentage of the dues received by the latter from Palestinian workers who work in Israel. Mr. Sa'ad's authority to sign this agreement is strongly contested by the Gaza and Jenin unions in particular. At the meeting with Histadrut leaders in Tel Aviv, the ILO mission was informed that once this agreement had been signed, the sum of NIS2 million[1] was transferred to the PGFTU, representing an estimate of half the contributions paid by Palestinian workers between 13 September 1993 and the date on which the agreement was signed. The agreement provides for the establishment of a joint liaison committee to consider the problems of Palestinian workers working in Israel, and to determine the amount of contributions paid by such workers to the Histadrut since 1970, the balance (estimated by the Histadrut at NIS6 million) to be transferred to the PGFTU once final agreement on the issue has been reached.

89. At a time when economic and social conditions in the occupied territories are at a new low as a result of the border closures and other constraints that are described elsewhere in this report, it is all the more encouraging to note the obvious efforts that are being made, particularly by the combined federation to improve its organizational structure and provide better services to the workers. This was particularly evident in the field of collective bargaining. Despite the somewhat fragmented coalitions of employers and their lack of negotiating experience, a large number of collective agreements have been signed; during the ILO mission, an important agreement was concluded for the hotel and catering sector in the Jerusalem/Bethlehem region. Another agreement for the construction industry was being framed, and yet another had recently been signed with a cigarette company in Jerusalem. Although these agreements were not the product of a true process of negotiation they nevertheless constitute important elements in the evolution of the trade unions in the territories and their capacity to bargain. In addition, pressure was being exerted on the Palestinian Authority to establish national tripartite machinery for minimum wage fixing. There was also evidence of trade union participation in tripartite mechanisms established by the Ministry of Labour to consider safety and health issues, as well as committees dealing with the problems of former detainees and with social insurance. In general, although progress has undoubtedly been made by the trade unions in recognizing the issues that must be addressed, much still remains to be done by them, both in the West Bank and in the Gaza Strip, to deal with serious anomalies at the workplace, not only in relation to wages and benefits, but also with regard to social insurance, equality of rights, hours of work and many other issues that have long been ignored by the unions, either because of lack of knowledge of basic workers' rights or through sheer neglect. Past circumstances have not been entirely favourable to the pursuit of such issues. Failure to address them now, however, will result in a serious loss of confidence in the unions on the part of the workers, who will increasingly turn to other types of organizations that can assist them.

[1] US$1 = approximately NIS3.

90. There are now three important factors which, if carefully exploited, could positively and rapidly enhance the evolution of the trade union movement in the territories. The first is the existence of a Ministry of Labour, which for several months now, with ILO assistance, has been developing policies and structures in areas such as labour inspection, employment services, safety and health and training. The Minister of Labour himself has publicly stated his desire that organizations of workers and employers participate in tripartite discussions on all these issues, as well as contribute to the formulation of new labour legislation. The Minister is also anxious to promote a strong, independent and united trade union movement with a leadership that is duly elected and not divided by political ideologies or constraints. Second, the West Bank unions in particular have, over the past several months, benefited from the services of a permanent expert trade union educator, appointed by the ICFTU to assist the Palestinian unions. The West Bank unions are most appreciative of these services, and the ILO mission was much impressed by the obvious results that have been achieved through this education process. In addition, the unions are receiving a number of training courses and other services dispensed by the ILO workers' education programme, as well as courses and other forms of assistance provided by foreign unions with which they enjoy fraternal contacts. A third factor concerns relations between the Palestinian unions and the Histadrut. Whatever shortcomings there may be in the agreement signed by the Secretary-General, Mr. Sa'ad, and the Histadrut, and in the manner in which it was executed, it nevertheless represents an important step in the process of dialogue between the Palestinian unions and the Histadrut, a process which has been strongly encouraged by the ILO in previous reports. In addition to providing the Palestinian unions with additional financial assets to develop their activities, the agreement establishes a joint liaison committee which will calculate the further sums that will be paid to the PGFTU by the Histadrut and ensure that any sums retained by the Histadrut will be used to defend the rights of Palestinian workers working in Israel.

91. The executive members of the Histadrut with whom the ILO mission met very strongly expressed their willingness to cooperate with the Palestinian unions and provide them with any practical assistance that they might need. One example of the important practical results that can ensue from Histadrut/Palestinian collaboration is the publication during the ILO mission of a major report on a joint research project for a social security system for the Palestinian autonomous areas, carried out by the Histadrut's Institute for Economic and Social Research and DATA, Studies and Consultations, a Palestinian research centre based in Bethlehem.

92. If the ILO has been vigorous in its encouragement of dialogue between the Palestinian unions and the Histadrut, this has been in no small measure due to its serious concern about the general conditions of work of Palestinian workers of the territories who can work in Israel. These conditions have been described in detail in previous reports and a number of recommendations have been made with a view to improving the difficult circumstances, and often degrading conditions, in which these workers are employed. No effective steps

have been taken to implement these recommendations. The ILO mission learned that, although new procedures have been introduced for the payment of wages and benefits (as far as the autonomous areas are concerned) directly into individual bank accounts, and new rules adopted under the Cairo Agreement for the transfer to the Palestinian Authority of certain national insurance contributions and pension insurance deductions, there have been no changes in the criteria on which the grant of work permits is based, or the manner in which Palestinian workers are hired on a daily contract basis, or the fact that they cannot benefit from trade union representation of any sort. As a result, these workers continue to be in a vulnerable and precarious situation, without adequate legal or social protection, and often subject to discriminatory or unfair practices at the hands of employers. One principal cause for complaint that was noted by the ILO mission related to the non-payment of wages, severance pay and other benefits that followed the closure of the territories, and hundreds of related cases were currently pending before the courts. It may be hoped that the continuing dialogue between the Palestinian unions and the Histadrut may lead to an improvement in the basic rights of these workers and the enhancement of their interests.

CONCLUDING REMARKS

93. The present report shows that, in spite of the efforts that the political leaders are making to advance the peace process, much remains to be done to ensure for Palestinian workers enhanced employment opportunities, economic security and conditions of work that are consistent with international principles and standards.

94. I continue to believe that the institution-building and other work in which the ILO is engaged in the territories, in particular the promotion of workers' and employers' organizations, the development of a Palestinian Ministry of Labour and the promotion of tripartite dialogue between the Palestinian Authority and the social partners on social and economic issues, can make a vital contribution to the peace process by underpinning democratic ideals and practices and enhancing dialogue on issues that must be addressed if social justice and peace are to be achieved. In this connection, I am hopeful that this report may provide a basis for the formulation of additional programmes.

95. However, the main and most urgent challenge must surely be to create sufficient new jobs to overcome the unemployment and underemployment problems in the territories, and it will be imperative for the ILO and other agencies to redouble their efforts to promote national and international action to improve the current acute employment situation facing the Palestinians, and promote policies and measures that will enhance employment opportunities. However, before any progress can be made it will be necessary to eliminate the extremism and the acts of violence that have contributed to creating a climate of insecurity which has had a negative impact on the economic conditions of the Palestinians. The peace process will depend on the development of mutual

respect between the Israeli and Palestinian authorities, and on the power of the Palestinian Authority to maintain control of the situation in the territories.

96. Responsibility for the success of the peace process, and in particular for creating economic conditions that will facilitate progress towards peace, lies with the Palestinian Authority, with Israel and with the international community as a whole. I therefore make an urgent appeal to the international community, and more particularly to the donor countries and institutions, at this crucial moment in Middle East history, to acknowledge and support ILO efforts and programmes that can effectively contribute to the economic development of the territories and the establishment of social justice and peace in the region.

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